



This notice provides information on what costs are taxable and what costs are not taxable on Public Timber sale purchases as they pertain to the Washington State Forest Excise Tax. This information is condensed from WAC 458-40-610.

### **Taxable**

Includes any activity not “directly and exclusively related to the harvesting and marketing of the timber.” The most common examples are listed below. This is not an exhaustive list.

#### **Taxable Road Costs:**

- Constructed or reconstructed roads, whether the roads are required or optional. This includes roads that are “deactivated”, “inactivated”, or “closed” as part of the timber sale contract, where such activities do not meet the Department of Natural Resources’ definition of road abandonment (WAC 222-24-052(3)).

Other Considerations: This interpretation has not changed from previous quarters and is provided as further clarification of taxable actions.

- Scarification
- Reforestation
- Stumping
- Surveying
- Water bar construction
- Cattle guard installation
- Chemical dust abatement
- Wind rowing
- Fish weir construction
- Rock stockpiling
- Trail building
- Pre-haul road maintenance
- Road paving
- Abandonment of existing roads (roads that existed before the timber sale is sold)
- Bridge or culvert installation or replacement

### **Non-Taxable**

- Temporary Roads (roads that are constructed or reconstructed under a single timber sale’s contract and then abandoned, per WAC 222-24-052(3), under the same timber sale’s contract.)
- Harvesting and marketing costs directly and exclusively related to the harvesting of the timber.
- Slash disposal required to abate severe fire hazard.
- ARRF (Access Road Revolving Fund) charges.

*(See the public Forest Excise Tax Return detail pages for additional information and instructions)*

**NOTE:** Remember that accurate records must be kept available for audit. RCW 82.32.070 requires that suitable records be maintained and preserved for a period of five years. The statute provides that all books, records, and invoices shall be open for examination at any time by the Department of Revenue.

#### ***Reminder: Log Export Restrictions***

Please be advised that all timber harvested from public lands is export restricted. Logs must be properly painted and branded prior to leaving the harvest site. Additionally, purchasers have specific reporting requirements to the Department of Revenue. For a complete description of the regulations, see WAC Chapter 240-15. For additional information or reporting forms, call (800) 548-8829.

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For tax assistance, visit <http://dor.wa.gov>. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users may call (800) 451-7985.